

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

**Dated: June 27, 2017**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

This management's discussion and analysis ("MD&A") reports on the operating results and financial conditions of EA Education Group Inc. ("EA" or the "Company") for the year ended August 31, 2016. This MD&A is supplemental to and should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Company for the year ended August 31, 2016. These statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. Reference should also be made to the Company's filings with Canadian securities regulatory authorities which are available at [www.sedar.com](http://www.sedar.com).

This MD&A is the responsibility of management. The Board of Directors carries out its responsibility for the review of this disclosure directly and through its audit committee. The audit committee reviews and prior to its publication, approves, pursuant to the authority delegated to it by the Board of Directors, this disclosure. This MD&A was reviewed and approved by the audit committee and the board on June 27, 2017.

All dollars amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this report may constitute forward-looking statements that are subject to certain risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "continue", "expect", "may", "will", "believe", "should" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made. These forward-looking statements include, but are not limited to, statements relating to:

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended August 31, 2016**

---

- The Company's ability to continue as a going concern;
- The Company's ability to raise additional capital through the issuance of equity or debt instruments;
- The Company's strategies and objectives;
- General business and economic conditions;
- The Company's ability to meet its financial obligations as they become due;
- The Company's ability to identify, successful negotiate and/or finance an acquisition of a new business opportunity;
- The negative cash flows from operations and financial viability of new business opportunities;
- The Company's ability to manage growth with respect to a new business opportunity; and
- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company.

Readers are cautioned that the lists of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this document are made as of the date hereof.

## **OVERVIEW**

EA Education Group Inc. (formerly "Kenieba Goldfields Ltd.") (the "Company" or "EAEG") was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) under the name "1156261 Ontario Inc." on November 21, 1995. The Company changed its name to "Croesus Gold Inc." on July 19, 1996, and continued into British Columbia pursuant to the Business Corporations Act (British Columbia) on November 17, 2006 under the name "Croesus Gold Inc.". On June 20, 2008, the Company changed its name to "Kenieba Goldfields Ltd." ("Kenieba") that was listed on the Canadian Securities Exchange ("CSE") under the trading symbol "KEN". Its principal business at the time was to acquire, explore and develop mineral property.

On February 18, 2015, Kenieba acquired 100% ownership of EA Education Group Inc. ("EAEG Private") by issuing 120,000,000 common shares to the shareholders of EAEG Private. The reverse takeover ("RTO") resulted in the previous shareholders of EAEG Private obtaining control of the combined entity. Subsequent to the acquisition, Kenieba amalgamated with EAEG Private and the new company continues as the name "EA Education Group Inc." and its stock symbol changed from "KEN" to "EA".

The Company, together with its subsidiaries, provides international educational service and comprehensive student housing services in Canada, and franchises its programs and courses to

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

franchisees China. The address of the Company's corporate office and principal place of business is 4576 Yonge Street, Unit 600, Toronto, Ontario M2N 6N4.

EAEG serves the unique needs of international junior and senior high school students by providing local comprehensive student housing services to the students in Canada, and is an active promoter of international education & cultural exchange between Canada and China.

EAEG delivers to international students (all of whom are currently from China and most of them are teenagers) certain advisory and complimentary services that assist them in undertaking and improving their education experiences in both China and Canada. EA services have been focused on:

- a) Private Ontario Secondary School diploma program and courses through it wholly owned subsidiary Duke College Inc;
- b) Student-housing services for international students in Canada. The student-housing services range from basic room-rental arrangements to complete accommodation arrangements and ongoing immersion programs. Currently, EA's offering is mainly located in Toronto for international students staying in the Great Toronto Area;
- c) Education program & services that provide off-campus education programs. The offering provides, through its license franchised partners in China (known as "EA clubs"), training for junior and senior high school students in China to explore and expand their career interests, English skills and knowledge related to Canadian culture and education system and helps them prepare for their future overseas studies. EAEG has encapsulated their education and cultural experiences into its proprietary and unique education system referred to as "L-TIP". L-TIP includes integration of ESL programs, health & physical education, academic courses, career exploration, arts, hospitality, etc. The goal of its proprietary training program is to provide sound preparations for the overseas studies of these teenage students in the future. The first franchised EA Club in China was established in 2012. EA has developed a franchising network of EA Clubs in China. The Company delivers services to and aids franchised EA Clubs in operating through a related party in China, Guangzhou Zhongjiu Education Consulting Co. Ltd. ("Zhongjiu"). The franchising revenue in China decreased in the year as some EA Clubs have terminated the franchising agreements with the Company during the year ended August 31, 2016.
- d) Educational and cultural exchange conferences/events/camps in Canada that aim to promote international education and culture exchange between Canada and China.

The Company strongly believes that every child has his/her own talents and that the Company tries to inspire students to develop all aspects of their character so that to reach their full potential. The Company

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

wants all of its students to be able to experience the ability to realize that they can “Dream....Vision....Success”.

**GROWTH STRATEGY**

The Company's core business growth strategy is to increase the number of students of Duke College Inc. to the Company is reviewing the current franchising network in China to seek for a proper strategy.

**RESULTS OF OPERATIONS**

**Year ended August 31, 2016**

The Company reported a net loss of \$1,460,477 for the twelve months ended August 31, 2016, compared with a net loss of \$2,013,909 for the year in 2015. Basic and diluted loss per share was \$0.01 for the twelve months in 2016 compare to \$0.02 for the year in 2015.

**Revenue**

For the twelve months ended August 31, 2016, revenue was \$1,178,207 compared to \$1,606,346 revenue last year. The significant decrease in revenue was mainly due to the franchising revenues from China decreased from \$833,322 in the year 2015 to \$471,222 in the year 2016.

**Direct Costs**

For the twelve months ended August 31, 2016, direct costs were \$652,117 compared to \$902,209 last year.

**Expenses**

For the year ended August 31, 2016, administrative expenses amounted to \$1,315,255 compared to \$1,356,630 in 2015. In the year 2016, there was \$nil on a special listing expense. Compared with 2015, it was \$1,006,340.

Marketing and promotion expense of \$139,915 decreased by \$174,220 compared to \$314,135 for the year 2015. In the year 2016, the Company recorded an impairment of goodwill of \$281,137 (2015 - \$nil), an impairment of intangible assets of \$273,915 (2015 - \$nil), and an impairment of loan receivable of \$81,271 (2015 - \$nil).

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

For the year 2016, the Company recorded \$26,000 special gain on forgiveness of consulting fee payable to directors (2016 - \$nil), and \$98,401 interest income (2015 - \$22,402), and income taxes expenses of \$19,475 (2015 - \$63,343).

**Cash flows**

For the year ended August 31, 2016, the operating activities of the Company used cash of \$813,200 compared to use of cash of \$2,294,231 for the year 2015. The investing activities generated cash of \$87,151, while in last year it generated cash of \$339,533 due to cash of \$1,154,004 acquired in the reverse takeover in last year. In the year 2016 the financing activities generated cash of \$312,400 (2015 – \$1,947,368).

**Three months ended August 31, 2016**

The Company reported a net loss of \$942,599 for the three months ended August 31, 2016 compared with a net loss of \$727,330 for the same period in 2015. The basic and diluted loss per share for the three months in 2016 was \$0.01, compared to \$0.00 for the same period in 2015.

For the three months ended August 31, 2016, revenue was \$211,823 compared to \$597,816 for the three months last year. Direct costs were \$192,016 compared to \$439,659 for the same period last year. Administrative expenses amounted to \$371,614 compared to \$730,083 for the same period in 2015. Marketing and promotion expense was \$26,261 for the three months in 2016 compared to \$114,463 for the same period in 2015. The decrease in administrative, marketing and promotion expenses is mainly due to the decrease in bad debt expense, consulting and professional fees.

For the three months period in 2016, the Company recorded \$26,000 special gain on forgiveness of consulting fee payable to directors (2016 - \$nil), and \$34,317 interest income (2015 - \$22,402).

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

**SELECTED CONSOLIDATED FINANCIAL INFORMATION**

		August 31, 2016	August 31, 2015
Revenues	\$	1,178,207	1,606,346
Net loss	\$	1,460,477	2,013,909
Loss per share, basic and diluted	\$	0.01	0.02
Cash and cash equivalents	\$	62,657	439,383
Total current assets	\$	1,274,112	2,414,686
Total assets	\$	2,339,877	3,197,502
Total current liabilities	\$	1,179,943	875,576
Total long-term liabilities	\$	Nil	12,308

**SEGMENT INFORMATION**

The Company operates in a single segment, being the provider of education programs to students in China and Canada. In presenting information on the basis of geographical information, segment revenue is based on the geographical location of the customers. A summary of geographical information for the Company's revenue for the year is as follows:

	2016	2015
Canada	706,985	\$ 773,024
China	471,222	833,322
Total	1,178,207	\$ 1,606,346

**SUMMARY OF QUARTERLY RESULTS**

	Q4'16	Q3'16	Q2'16	Q1'16
Revenue	\$ 211,823	\$ 226,560	\$ 297,824	\$ 442,000
Net income (loss)	\$ (942,599)	\$ (337,716)	\$ (163,008)	\$ (17,154)
	Q4'15	Q3'15 (restated)	Q2'15 (restated)	Q1'15 (restated)
Revenue	\$ 597,816	\$ 515,892	\$ 208,882	\$ 283,756
Net income (loss)	\$ (727,330)	\$ (95,465)	\$ (1,058,561)	\$ (132,553)

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

The Company's business is seasonal, and the results of its operations depend significantly upon the nature of its services, the commencing time of student housing services and international education exchange events. These potential seasonality factors should also be considered together with the rapid growth of the business. The Company's student housing service, in relation to international student services, are rental and sale of any homestay related services. At present, the target geographical area of the service offering is in the Great Toronto Area.

**LIQUIDITY AND CONTINUANCE OF OPERATIONS**

The Company had a working capital of \$94,169 as of August 31, 2016 (2015 – \$1,539,110). The Company is mainly relying on funds from private placements and debts from related parties. The management plans to focus on profitability through generating revenue growth and improving operating cash flow.

The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders and related parties, the ability of the Company to obtain necessary debt and equity financing to achieve its operating and developing objectives, and the Company's continuance of profitable operations. Management will continue, as appropriate, to seek other sources of financing on favourable terms as required; however, there are no assurances that any such financing can be obtained on favourable terms, if at all. The outcome of these matters cannot be predicted at this time.

**CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

**Operating leases:**

The Company has entered into various operating lease agreements for leased premises and rental properties for student housing in the normal course of operations, with the rents being charged to operations incurred during the year. The minimum operating lease payments in successive years are as follows:

---

	<b>August 31, 2016</b>
Within one year	\$ 256,855
After one year but not more than five years	195,435
More than five years	-
<b>Total Commitments</b>	<b>452,290</b>

---

The Company terminated the lease of one of its premises in December 2016 before the original term expiring on May 31, 2017. Therefore, the lease payments of \$8,025 per month from December 2016 is not included in the minimum rental payable above. Please refer to Note 21 to the 2016 audited consolidated financial statements for details.

# **EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **For the year ended August 31, 2016**

---

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not enter into off-balance sheet arrangements with special purpose entities in the normal course of its business, nor does it have any unconsolidated affiliates.

#### **SHARE CAPITAL**

As at the date of this report, the Company has 174,256,868 common shares outstanding, no warrants or options outstanding.

#### **Securities held in escrow**

Pursuant to the escrow agreement, 120,000,000 common shares issued to the shareholders of EAEG private were escrowed subject to release only with regulatory approval to the release provisions of the escrow agreement. As of the date of this MD&A 36,000,000 (August 31, 2016, 54,000,000) common shares are still held in escrow.

#### **Stock option plan**

Concurrent with the reverse takeover transaction, the Company adopted its existing stock option rolling plan to reserve 10% of issued shares for issuance to executive officers, directors, employees and consultants of the Company. Under the plan, the exercise price of each option is set on the date of grant at no less than the discount market price of the Company's stock as determined per the CSE policy. Options granted under the plan have a term not to exceed ten years and are subject to vesting provisions as determined by the board of directors. There were no stock options granted during the years ended August 31, 2015 and in the year 2016. There were no stock options outstanding as at August 31, 2016 and 2015.

#### **FINANCIAL INSTRUMENTS, RISKS AND CAPITAL MANAGEMENT**

##### **Fair Value**

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements:

- Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

- Level 3 - one or more significant inputs used in a valuation technique to determine fair value are unobserved.

The carrying amount of the Company's cash and cash equivalents, accounts receivable, due to and due from related parties, loans receivable, accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these financial instruments.

**Risks**

Please refer to the Note 15 to the audited consolidated financial statements of the Company for the year ended August 31, 2016 for the risks and risk management. There has been no material change to the Company's risk and risk management activities since 2015.

**Capital Management**

The Company's capital management objectives are to ensure sufficient liquidity to support its financial obligations and raise the necessary equity financing to execute its operating and strategic growth plans. In the management of capital, the Company includes items in shareholders' equity (excluding accumulated other comprehensive income) in the definition of capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Board of Directors oversees the Company's capital structure and financial management, approves matters related to acquisitions, investments and financing and continuously monitors the Company's exposure to financial risks.

The Company is still currently in its development stage, and has not paid dividends on any occasion, but has instead reinvested the generated cash mainly to finance ongoing development activities and thereby create growth for the Company. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned business expansion and pay for administrative costs, the Company will spend its funds available and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

**TRANSACTIONS WITH RELATED PARTIES**

The Company defines related parties to include significant shareholders, key management and officers and directors, as well as companies controlled by them.

	2016	2015
Due from Zhongjiu (a)	\$ 536,320	\$ 216,196
Due from Shareholders (b)	150,538	790,580
Due from EA Homestay Inc. (c)	29,780	41,998
Due from Jiuding Group (Canada) (f)	40,000	-
Due from Rufeng International (g)	146,149	-
<b>Due from related parties</b>	<b>\$ 902,787</b>	<b>\$ 1,048,774</b>
Less: current portion (Note 21(1))	700,747	1,048,774
<b>Due from related parties – non - current</b>	<b>\$ 202,040</b>	<b>\$ -</b>
Due to directors (d)	(26,000)	(33,000)
<b>Due to related parties</b>	<b>\$ (26,000)</b>	<b>\$ (33,000)</b>

(a) On March 28, 2012, the Company entered into a Strategic Partnership Cooperation Agreement (the "Agreement") with Guangzhou Zhongjiu Education Consulting Co., Ltd ("Zhongjiu"), a company controlled by significant shareholders of the Company who are also officers and directors of the Company. The Agreement is for ten years until March 27, 2022. At the expiry date, the Agreement will be automatically renewed for the same period unless one or both of the parties terminates the Agreement. As a strategic partner of the Company, Zhongjiu is to represent the Company to collectively market and execute the Company's growth strategy in China. Zhongjiu represents the Company in franchising the Company's brand and curriculum services to local Chinese schools ("EA Clubs") and helps in the day to day management of the franchising network. Zhongjiu itself also owns an EA Club ("Zhongjiu Club").

In return, the Company waived Zhongjiu Club's brand franchising and service fee until December 31, 2013. The Company has continued to charge Zhongjiu for its ongoing curriculum fees and student registration fees since January 1, 2014. In addition, when the number of the EA Clubs in China reaches more than 50, 20% of the service fee from these clubs will be shared by Zhongjiu. For the year ended August 31, 2016, the revenue from Zhongjiu was \$172,773 (2015 - \$250,697). In addition, \$54,000 tuition fees of Duke College had been received by Zhongjiu on behalf of the Company but was retained by Zhongjiu and was recorded as due from Zhongjiu as at August 31, 2016. \$43,440 of Zhongjiu's expenses were paid by the Company on behalf of Zhongjiu and \$19,570 receivable from EA clubs had been collected by Zhongjiu on behalf of the Company. There is also a foreign currency translation difference of \$1,626 for the year ended August 31, 2016. As of August 31, 2016, the balance of due from Zhongjiu totaled \$536,320 (2015 - \$216,196) that included \$28,715 interest accrued at 8% annually, is unsecured and due on demand. The Company also has a loan receivable from Zhongjiu of \$721,042 (see Note 14(b) to the 2016 audited consolidated financial statements).

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

(b) Due from shareholders as at August 31, 2015 comprised promissory notes from the two significant shareholders of the Company (the "Shareholders") who are also the officers and directors of the Company. The promissory notes were signed in June 2015 and bore interest of 8% per annum. The promissory notes were due on demand of the Company and the principal plus interest of \$15,604 were paid off by the Shareholders in December 2015. In 2016, the Company made advances of \$59,096 to the Shareholders, and the Shareholders received \$90,000 (Note 14 (a) to the 2016 audited consolidated financial statements) on behalf of the Company. See also Note 13(e) to the 2016 audited consolidated financial statements. As at August 31, 2016 the balance from the Shareholders totalled \$150,538 (2015 - \$790,580) that included \$1,442 interest accrued at 8% annually, is due on demand and unsecured.

(c) EA Homestay Inc. is a company controlled by one of the significant shareholders noted in the note 13(a) to the 2016 audited consolidated financial statements. In the fiscal year of 2016, EA Homestay Inc. paid certain expenditures in the amount of \$17,218 related to the Company's student housing services on behalf of the Company (2015: \$41,998). As at August 31, 2016 there was \$29,780 that was due from EA Homestay Inc. The balance, which bears interest of 8% per annum, is due on demand and unsecured.

(d) Due to directors represents the director fees payable to the Company's directors.

For the years ended August 31, 2016 and 2015, the Company incurred compensation to the Company's officers and directors in the amount as follows.

	<b>2016</b>		<b>2015</b>
Salaries, consultant fees and other benefits	\$ 179,298	\$	217,124
Directors' fees	60,000		65,000
	<b>\$ 239,298</b>	<b>\$</b>	<b>282,124</b>

During the year ended August 31, 2016, a director of the Company has forgiven consulting fee payable of \$40,000, of which \$26,000 incurred for the year ended August 31, 2015 and \$14,000 incurred for the year ended August 31, 2016.

During the year ended August 31, 2016, one of the Shareholders of the Company has forgiven salary in the amount of \$30,000.

(e) The Company rented one property from one of the Shareholders for the Company's student housing services and paid rent in the amount of \$60,000 for the fiscal year of 2016 (2015 - \$90,000).

(f) During the year ended August 31, 2016 the Company made an advance of \$40,000 to Jiuding Group Inc. a company controlled by the Shareholders of the Company that is unsecured, due on demand and bears interest of 8% per annum.

(g) During the year ended August 31, 2016 the Company made an advance of \$98,230 to Rufeng International (China), a company controlled by the Shareholders of the Company that is unsecured and due on demand. In addition, \$39,050 tuition fees of Duke College had been received by Rufeng

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

International (China) on behalf of the Company but was retained by Rufeng and was recorded as due from Rufeng as at August 31, 2016. The balance, which bears interest of 8% per annum, is due on demand, unsecured.

(h) The Company expects to receive 100% of the outstanding balance and interest from the related parties, which is guaranteed by the Shareholders and secured by the Shareholders' personal real estate asset in Toronto, by December 31, 2017 (see Note 21 to the 2016 audited consolidated financial statements)

(i) The Company recognized interest income of \$98,401 (2015 - \$10,402) in the consolidated statements of operations related to due from related parties and promissory notes from Zhongjiu (Note 14(b) to the audited 2016 consolidated financial statements), which all bear interest of 8% per annum.

**EVENTS AFTER THE REPORTING PERIOD**

(a) Subsequent to August 31, 2016, the Company collected \$828,147 from the related parties as follows:

<b>Related Parties</b>	<b>Amounts Collected</b>
Shareholders	\$ 151,817
EA Homestay Inc.	30,602
Jiuding Group (Canada)	40,934
Rufeng International	148,902
Zhongjiu	455,892
<b>Total</b>	<b>\$ 828,147</b>

(b) On June 21, 2017, the Shareholders have personally signed a Guarantee to the Company to guarantee for the repayment of the loans receivable, due from related party and the receivables from EA Clubs before December 31, 2017. One of the Shareholders' personal real estate assets in Toronto is used as collateral that has an appraisal value of \$10.0 million and mortgages of \$6.9 million.

(c) A student housing lease agreement expired on January 31, 2017 and renewed to June 30, 2017 at \$2,700 per month.

(d) In December 2016, the Company terminated the lease of one of its premises in December 2016 before the original term expiring on May 31, 2017. The Company will pay the landlord of the premise sum of \$57,281. Payment of the settlement funds will occur as follows: \$10,000 in June 2017, with the balance of \$47,281 payable in nine monthly instalments of \$5,000, and a final instalment of \$2,281, due on the first business day of each month, commencing August 1, 2017.

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

**CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment.

Management considers the following areas to be those where the significant estimates, which may involve assumptions requiring the application of judgments, are used in the preparation of the Company's consolidated financial statements.

**Evaluation of the Company's ability to continue as a going concern**

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing these consolidated financial statements. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The assessment of the Company's ability to execute its strategy and finance the operations through achieving positive cash flow from operations or by obtaining additional funding through debt or equity financing involves judgments. Management monitors future cash requirements to assess the Company's ability to realize assets and discharge its liabilities in the normal course of operations. Please refer to Note 1 to the audited 2016 consolidated financial statements for more information.

**Impairment of Loans & Receivables**

The impairment assessment of the Company's loans and receivables measured at amortized costs is based on management's assessment of the business environment, customers' or creditors' financial conditions, historical collection experience, accounts receivable aging, customer disputes and the collectability of specific accounts. Estimates used to determine amount of impairment required involve uncertainties. If there were a deterioration of a major customer's or creditors' creditworthiness, or actual defaults were higher than the Company's historical experience, estimates of the recoverability of amounts due could be overstated, which could have an adverse impact on the Company's operating results.

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

**Business Combinations and Valuation of Goodwill and Intangible Assets**

The allocation of the purchase price for acquisitions involves determining the fair values for identifiable assets acquired and liabilities assumed. Estimation of fair values involve significant judgments, estimates and assumptions. The acquisition of Duke College Inc. are most sensitive to the assumptions including gross margin, discount rates, and growth rate. Please refer to Note 7 to the 2016 audited consolidated financial statements for more information.

**Assets useful life and residual values**

Certain long-lived non-financial assets with finite lives are amortized based on the estimated useful life less their estimated residual value. Significant assumptions are involved in the determination of useful life and residual values and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions. Changes to these estimates may affect the carrying value of these assets, net income (loss) and comprehensive income (loss) in future periods.

**Impairment of Non-Financial Assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Company. The key assumptions used to determine the recoverable amount for the CGUs are disclosed and further explained in Notes 10 and 17 to the audited 2016 consolidated financial statements.

**ACCOUNTING POLICIES AND RECENT PRONOUNCEMENTS**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at August 31, 2016 (Note 3 to the 2016 audited consolidated financial statements). The Company's accounting policies did not change in the year in 2016.

# EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the year ended August 31, 2016

---

#### Future accounting standards:

- *IAS 1 Presentation of Financial Statements* was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IFRS 1 immediately, but are not required to do so.
- *IFRS 9 Financial Instruments: Classification and Measurement* was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is available for application, with the mandatory effective date expected to be on or after January 1, 2018.
- *IFRS 15 Revenue from Contracts with Customers* was issued by the IASB in May 2014. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The effective date is for annual periods beginning or after January 1, 2018. Entities may still choose to apply IFRS 15 immediately, but are not required to do so.
- *IFRS 12 Income Taxes* was amended by the IASB in January 2016 to clarify the recognition of deferred tax assets for unrealized losses. The effective date is for annual periods beginning on or after January 1, 2017 with earlier application permitted.
- *IFRS 16 Leases* was amended by IASB in January 2016 to eliminate the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts

**EA EDUCATION GROUP INC. (FORMERLY KENIEBA GOLDFIELDS LTD.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended August 31, 2016**

---

interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted.

**OUTLOOK**

The demand and requirement for EA's services are growing as more and more international students turn to Canada as a viable learning country.

The Company's business is facing some difficulties and the revenues are decreasing. The Company is currently reviewing its business and strategies in an effort to find better business strategies to fit into its future growing plan.